

Memo



To: Mayor and Council
From: Shirley Freeman
Date: October 5, 2010
Subject: First Reading - Refunding of the Tax Increment Bonds

Town of Bluffton
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Recommendation: Council approves the attached bond ordinance to refund the 2005 and 2006 Tax Increment Financing (TIF) Bonds. Because the sale of the bonds will be a bank placement transaction, extensive changes to the original ordinance were required and we are bringing this forth for first reading.

Background: The Town issued two (2) twenty year TIF bonds, \$10 million in December 2005 and \$4 million in February 2006. Although the interest rate for each bond was good, 3.89% and 3.93%, there is an interest rate reset date of 10 years from issue date. This was a negotiated sale without the benefit of a bond rating.

We have worked with Financial Advisor, Brian Nurick, Bond Attorney, Frannie Heizer, and BB&T the purchaser of these bonds for a deal that is a bank placement transaction at Market rate 3.21%. There is a savings in fees and expenses of approximately \$40,000. Further we have eliminated the Debt Service Reserve Fund (DSRF) requirement in of the original bonds and there is a Net Present Value (NPV) savings of \$424,000 for this transaction.

The new reduced 20 annual debt service payments on this transaction will increase the cash flow available to the town for budget considerations.

ORDINANCE NO. _____

AUTHORIZING THE ISSUANCE AND SALE OF A NOT TO EXCEED \$13,000,000 TAX INCREMENT REFUNDING BOND, SERIES 2010, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, OF THE TOWN OF BLUFFTON, SOUTH CAROLINA; LIMITING THE PAYMENT OF THE BOND FROM THE SOURCES PROVIDED HEREIN; DELEGATING AUTHORITY TO THE TOWN MANAGER; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF BLUFFTON, SOUTH CAROLINA, AS FOLLOWS:

ARTICLE I

DEFINITIONS

Unless the context shall clearly indicate some other meaning, the terms defined in this Section shall, for all purposes of this Ordinance and of any ordinance, resolution, certificate, opinion, instrument or other document herein or therein mentioned, have the meanings herein specified, with the definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined and vice versa. The term:

“Act” shall mean Title 31, Chapter 6, Code of Laws of South Carolina 1976, as amended (being the Tax Increment Financing Law), and as such Act may be further amended from time to time.

“Additional Bonds” shall mean any Bond issued as provided in Section 8.1 herein which shall be secured on a parity with any other Bonds issued thereunder.

[“Assessment District” shall mean the municipal improvement district established by the Town pursuant to Ordinance No. 2005-25 enacted on November 9, 2005, in which Assessments are levied and collected pursuant to the Code of Laws of South Carolina 1976 as amended and an Ordinance of the Town establishing the Municipal Improvement District enacted on November 9, 2005.

“Assessments” shall mean the annual assessments imposed and collected by the Town within the Town of Bluffton Assessment District.]

“Bank” shall mean Branch Banking and Trust Company, Inc., its successors and/or assigns.

“Bond” or “Bonds” shall mean the bonds issued pursuant to this Ordinance.

“Bondholder(s)” or the term “Holder(s)” or any similar term shall mean the Bank.

“Bond of 2010” shall mean the not to exceed \$13,000,000 Tax Increment Refunding Bond, Series 2010, or such other appropriate series designation, authorized to be issued pursuant to Article III herein.

“Bond Year” shall mean such date or dates as may be determined in connection with any Series of Bonds.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Cost of Acquisition and Construction” shall mean, to the extent permitted by the Act, Redevelopment Project Costs, including the Cost of Issuance.

“Cost of Issuance” shall mean all items of expense, directly or indirectly payable or reimbursable by or to the Town and related to the authorization, sale and issuance of Bonds including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Registrar, legal fees and charges, auditing and accounting fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, bond insurance premiums, financing charges and any other costs, charges or fees in connection with the original issuance of Bonds.

“Council” shall mean the Town Council of the Town of Bluffton, South Carolina.

“County” shall mean Beaufort County, South Carolina.

“Debt Service” shall mean, with respect to each Series of Bonds and with respect to any particular Bond Year, the aggregate of the amounts to be paid or set aside (or estimated to be required to be paid or set aside) in the TIF Debt Service Account in such Bond Year for the payment of the principal of, redemption premium, if any, and interest (to the extent not capitalized) on such Series of Bonds.

“Default” or “Event of Default” shall mean any of those defaults specified in and defined by Article XI hereof.

“Government Obligations” shall mean any of the following, if and to the extent the same are at the time legal investments of the Town:

(a) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America;

(b) non-callable, U. S. Treasury Securities - State and Local Government Series (“SLGS”); and

(c) general obligation bonds of the State, its institutions, agencies, Towns and political subdivisions.

“Interest Payment Date” shall mean such date or dates as shall be determined for each Series of Bonds for the payment of interest.

“Interest Sub-Account” shall mean the Sub-Account of that name in the TIF Debt Service Account established pursuant to Section 5.3 of this Ordinance with respect to the Bond of 2010 and to any Series of Additional Bonds pursuant to a Supplemental Ordinance.

“Junior Bonds” shall mean either (a) bonds secured by a pledge of Tax Revenues junior and subordinate in all respects to the pledge securing the Bonds or (b) any other form of indebtedness, including lease purchase obligations, secured by sums available in the Special Tax Allocation Fund after provision has been made for all payments required to be made with respect to the Bonds as provided in this Ordinance.

“Ordinance” shall mean this ordinance as originally enacted and, unless the context shall clearly indicate otherwise, as it may be from time to time hereafter supplemented, modified or amended.

“Outstanding” when used with respect to any Bond shall have the construction given to such term in Article XIII hereof; i.e., a Bond shall not be Outstanding if such Bond is not, or would not be, at the time, deemed to be Outstanding by reason of the operation and effect of Article XIII.

“Paying Agent” shall mean for each Series of Bonds the respective paying agent or paying agents, if any, appointed pursuant to the proceedings authorizing such Bonds.

“Permitted Investments” shall mean those investments described in Section 6-5-10 and Section 11-1-60 of the Code of Laws of South Carolina 1976, as amended, as now or hereafter amended and in effect from time to time, or any authorization relating to the investment of Town funds, and (b) the South Carolina Pooled Investment Fund or similar State administered pool investment.

“Pledged Revenues” means the Tax Revenues [and the Assessments.]

“Principal Payment Date” shall mean such date or dates as shall be determined for each Series of Bonds for the payment of principal.

“Principal Sub-Account” shall mean the Sub-Account of that name in the TIF Debt Service Account established pursuant to Section 5.3 of this Ordinance with respect to the Bond of 2010, and to any Series of Additional Bonds pursuant to a Supplemental Ordinance.

“Prior TIF Bonds” shall mean the \$10,000,000 Tax Increment Financing Bonds, Series 2005 issued by the Town on November 5, 2005 and the \$4,000,000 Tax Increment Financing Bonds, Series 2006 issued by the Town on February 17, 2006.

“Prior TIF Ordinance” shall mean Ordinance No. 2005-24 duly enacted by the Town Council on November 9, 2005, authorizing the Prior TIF Bonds.

“Redevelopment Ordinance” shall mean Ordinance No. 2005-22 enacted October 12, 2005, establishing and approving a plan for the redevelopment of a portion of the Town of Bluffton pursuant to the Bluffton Tax Increment Financing Redevelopment Plan dated October 2005; designating a redevelopment project area; making findings of the redevelopment project area as a conservation area; designating redevelopment projects; approving a tax increment financing plan for such redevelopment projects; and other matters relating thereto.

“Redevelopment Plan” shall mean the redevelopment plan entitled: “Tax Increment Financing District” dated October 2005 approved and adopted pursuant to Ordinance No. 2005-22 enacted by the Council on October 12, 2005, as amended by Ordinance No. 2008-07 enacted by the Council on May 6, 2008.

“Redevelopment Projects” shall mean those projects identified in the Redevelopment Plan, as the same may be amended or supplemented from time to time.

“Redevelopment Project Area” shall mean the area within the Town identified as such in the Redevelopment Plan.

“Redevelopment Project Costs” shall mean costs incurred in connection with the Redevelopment Projects, the repayment to the Town of its initial deposit, if any, into the applicable Debt Service Reserve

Account for each Series of Additional Bonds or Junior Bonds, the repayment to the Town of any moneys used to pay Debt Service on the Bonds from a TIF debt service reserve account, the repayment to the Town of any funds expended on Costs of Acquisition and Construction of the Redevelopment Projects, and any other items included as “redevelopment project costs” as defined in the Act.

“Registrar” shall mean for each Series of Bonds the respective bank, trust company, depository or transfer agent appointed as registrar pursuant to the proceedings authorizing such Bonds, if any. The Town may appoint itself, acting through the Town Clerk, to serve as Registrar.

“Series” or “Series of Bonds” or “Bonds of Series” shall mean all Bonds or BAN’s designated as being of the same series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to this Ordinance.

“Special Tax Allocation Fund” shall mean that fund established under Section 5.1 of the Prior TIF Ordinance and continued under this Ordinance.

“Supplemental Ordinance” shall mean any ordinance enacted by the Town Council providing for the issuance of Bonds issued as provided in Article VIII, and any ordinance enacted by the Town Council pursuant to and in compliance with the provisions of Article XIV hereof amending or supplementing the provisions of this Ordinance.

“State” shall mean the State of South Carolina.

“Tax Revenues” shall mean the amounts of ad valorem taxes, if any, determined in accordance with Section 5.1 hereof and collected in each year in the Redevelopment Project Area which amounts shall be deposited upon receipt by the Town in the Special Tax Allocation Fund, and shall include the proportionate amount of any increased ad valorem taxes due to the late payment of such taxes.

“Tax Year” shall mean the consecutive twelve (12) month period during which ad valorem real property taxes of the Town are levied and collected, presently being the period from July 1 to June 30.

“Taxing Districts” shall mean the Town, Beaufort County, South Carolina, the School District of Beaufort County, South Carolina, and Bluffton Fire District.

“TIF Capital Projects Account” shall mean the account of that name established pursuant to Section 5.4 of this Ordinance with respect to the Bonds.

“TIF Debt Service Account” shall mean the account of the same name created pursuant to Section 5.3 hereof.

“Town” shall mean the Town of Bluffton, South Carolina, an incorporated municipality of the State situated in the County.

“Town Manager” shall mean the chief executive of the Town or his lawfully authorized delegee.

ARTICLE II

FINDINGS AND DETERMINATIONS

Section 2.1. Findings and Determinations. The Council of the Town hereby finds and determines:

- (a) The Town is an incorporated municipality located in the County, and as such possesses all powers granted to municipalities by the Constitution and general laws of this State.
- (b) Pursuant to Section 5-5-10, Code of Laws of South Carolina 1976, as amended, the Town has selected the Council-Manager form of government and is governed by a Council composed of a Mayor and six (6) council members which constitute the governing body of the Town.
- (c) Article X, Section 14, of the Constitution of the State of South Carolina, 1895, as amended (the "Constitution"), provides that the General Assembly may authorize by general law that indebtedness for the purpose of redevelopment within incorporated municipalities may be incurred, and that the debt service of such indebtedness be provided from the added increments of tax revenues to result from the redevelopment project.
- (d) Pursuant to Title 6, Chapter 31, Code of Laws of South Carolina, 1976, as amended (the "Act"), the governing bodies of the incorporated municipalities of the State are vested with all powers consistent with the Constitution of the State necessary, useful, and desirable to enable them to accomplish redevelopment in areas which are or threatened to become blighted. Incorporated municipalities are further authorized to issue bonds under the Act to finance a "redevelopment project" as defined in the Act and to issue refunding bonds to refund bonds issued pursuant to the Act.
- (e) The Council has by Ordinance No. 2005-22 duly enacted October 12, 2005, approved the Redevelopment Plan. The Redevelopment Project Area as defined in Section III of the Redevelopment Plan, as amended, is the only redevelopment project area within the Town.
- (f) Pursuant to the Prior TIF Ordinance, the Town issued the Prior TIF Bonds, the proceeds of which were used for the purposes of funding Redevelopment Projects.
- (g) The Prior TIF Bonds are currently outstanding in the amount of \$12,875,000 and are prepayable at the option of the Town in whole or in part at any time without penalty or premium.
- (h) Based on current market conditions and projected savings, the Council finds that it is in the best interest of the Town to refund the Prior TIF Bonds because a savings can be effected through the refunding thereof.
- (i) Pursuant to Section 31-6-40, Code of Laws of South Carolina 1976 as amended, the Council is authorized to issue the Bond of 2010 for the purpose of refunding the Prior TIF Bonds and paying the Costs of Issuance thereof.
- (j) It is now in the best interest of the Town for the Council to provide for the issuance and sale of a not to exceed \$13,000,000 tax increment refunding bond of the Town to provide funds for the purposes of (i) refunding the Prior TIF Bonds; and (ii) paying Costs of Issuance of the Bond of 2010.

ARTICLE III

AUTHORIZATION AND DETAILS OF THE BONDS; ACCEPTANCE OF BANK PROPOSAL

Section 3.1. Authorization of the Bond of 2010; Authorization of the Refunding. Pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina, there is hereby authorized to be issued a not exceeding \$13,000,000 tax increment financing refunding bond of the Town for the purposes listed in Section 2.1(j) above.

The refunding of the Prior TIF Bonds shall be effected with a portion of the proceeds of the Bond of 2010 which proceeds shall be used for the payment of the principal of and accrued interest on the Prior TIF Bonds as and when such Prior TIF Bonds are called for redemption in accordance with the provisions of the Prior TIF Ordinance. The refunding of the Prior TIF Bonds will also be effected with a portion of the amounts on deposit in the debt service reserve fund established pursuant to the Prior TIF Ordinance.

Section 3.2. Details of the Bond of 2010. The Bond of 2010 shall be issued as one fully-registered Bond; shall be dated the date of delivery; shall be numbered R-1; shall bear interest at the rate of 3.21% per annum payable June 1, 2010, and semi-annually thereafter until it matures and shall mature serially in successive annual principal installments as determined by the Town Manager or his lawfully authorized designee.

Both the principal of and interest on the Bond of 2010 shall be payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts. The Town will serve as Registrar/Paying Agent for the Bond of 2010.

The Bond of 2010 will be subject to prepayment in full on any payment date with a prepayment penalty equivalent to one percent of the outstanding principal during the first ten years of its term.

Section 3.3 Acceptance of Bank Proposal. The Town Council hereby accepts the terms and conditions of the Bank's proposal dated September 28, 2010, for the purchase of the Bond of 2010, a copy of which is attached hereto and incorporated herein by reference.

Section 3.4. Form of Bond of 2010. The Bond of 2010 shall be in substantially the form attached hereto as Exhibit A and incorporated herein by reference.

Section 3.5. Execution of Bond of 2010. The Bond of 2010 shall be executed in the name of the Town with the manual or facsimile signature of the Mayor of the Town attested by the manual or facsimile signature of the Clerk of the Town under a seal of the Town which shall be impressed, imprinted or reproduced thereon.

Section 3.6. Exemption from State Taxes. Both the principal of and interest on the Bond of 2010 shall be exempt, in accordance with the provisions of Section 12-2-50 of the Code of Laws of South Carolina, 1976, as amended, from all State, county, municipal, town and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

Section 3.7. Filings with Central Repository. In compliance with Section 11-1-85, South Carolina Code of Laws 1976, as amended, the Town covenants that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested: (a) a copy of an annual independent audit of the Town within thirty (30) days of the Town's receipt thereof; and (b) within thirty

(30) days of the occurrence thereof, event specific information of an event which adversely affects more than five (5%) percent of the tax revenues of the Town or the Town's tax base.

ARTICLE IV

SECURITY FOR AND PAYMENT OF BONDS

Section 4.1. Pledge of Special Tax Allocation Fund and Other Pledged Revenue.

(a) The Bond of 2010, together with the interest thereon, shall be payable from and secured by a pledge of the Pledged Revenues which shall include the funds in and to be deposited in the Special Tax Allocation Fund and all sub-accounts therein and the Assessments. Such funds are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on the Bond of 2010.

(b) In the event that the funds in the Special Tax Allocation Fund and other Pledged Revenue pledged to the payment of the Bond of 2010 are insufficient at any time to provide for the payment of the principal of or interest on the Bond of 2010, the Town may, but is not obligated, to use any other legally available funds to make payments on the Bond of 2010.

(c) The Bond of 2010, and the interest thereon, are special obligations of the Town payable solely from the funds pledged therefor. The full faith, credit, and taxing powers of the Town are not pledged for the payment of the Bond of 2010 and the interest thereon.

ARTICLE V

CONTINUANCE OF SPECIAL TAX ALLOCATION FUND, OTHER FUNDS AND INVESTMENT OF MONEYS

Section 5.1. Continuance of Special Tax Allocation Fund and Accounts Therein.

(a) That special fund of the Town established under Section 5.01 of the Prior TIF Ordinance to be maintained by the Town and designated as "Town of Bluffton - Special Tax Allocation Fund" (the "Special Tax Allocation Fund") shall be continued.

The Special Tax Allocation Fund shall contain accounts and sub-accounts as may be established by Council.

(b) The Redevelopment Project Area as designated in the Redevelopment Ordinance, as it may be amended or supplemented from time to time, shall be the Redevelopment Project Area for purposes of this Ordinance.

(c) There shall be deposited upon receipt by the Town in the Special Tax Allocation Fund the amounts of ad valorem taxes (heretofore defined as "Tax Revenues"), if any, determined in accordance with Section 5.1 of the Prior TIF Ordinance, viz. After the total equalized assessed valuation of the taxable real property in the Redevelopment Project Area exceeds the certified "total initial equalized assessed value" established in accordance with the Act and set forth in Article VI hereof of all taxable real property in the Redevelopment Project Area, the ad valorem taxes, if any, arising from the levies upon taxable real property in the Redevelopment Project Area by the Taxing Districts, and tax rates determined in the manner provided by the Act and Article VI hereof each year after the Prior TIF Bonds

were issued until the Bonds have been retired and Redevelopment Project Costs have been paid must be divided as follows:

(i) That portion of taxes levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the total initial equalized assessed value of all taxable real property in the Redevelopment Project Area must be allocated to and, when collected, must be paid by the County Treasurer to the respective Taxing Districts in the manner required by law in the absence of the adoption of the Redevelopment Plan.

(ii) All of the taxes, if any, which are attributable to the increase in the current equalized assessed valuation of all taxable real property in the Redevelopment Project Area over and above the total initial equalized assessed value of taxable real property in the Redevelopment Project Area (the "Tax Increment") must be allocated to and, when collected, must be paid by the County Treasurer to the Town which shall deposit the taxes into the Special Tax Allocation Fund for the purpose of paying the Redevelopment Project Costs and the principal of, premium, if any, and interest on the Prior TIF Bonds and Bonds.

(d) The Tax Increment for a Taxing District that does not consent to the Redevelopment Plan shall not be included in the Special Tax Allocation Fund. If a Taxing District consents to participation in the Redevelopment Plan pursuant to an agreement between the Town and the Taxing District, the Tax Increment for such Taxing District shall be included in the Special Tax Allocation Fund according to the terms and conditions set forth in such agreement. The Taxing Districts of Beaufort County, other than the Town, did not consent to the Redevelopment Plan and the Tax Increment for each such Taxing District shall not be included in the Special Tax Allocation Fund.

Section 5.2. Deposits to Special Tax Allocation Fund. The taxes collected and paid to the Town pursuant to paragraph (c)(ii) of Section 5.1 hereof have been heretofore defined and are hereinafter referred to as "Tax Revenues." Said Tax Revenues shall be and are hereby authorized to be deposited into the Special Tax Allocation Fund. The amounts required by this Ordinance shall be transferred into the TIF Debt Service Account established herein. After provision for Debt Service payments required by this Ordinance have been made and so long as there is no Default or failure to make any Debt Service payment required hereunder, the Town may transfer from the Special Tax Allocation Fund any amount of Tax Revenue not needed for Debt Service payments into either the Town's General Fund, the TIF Capital Projects Account established herein, or such other fund or account as the Town may determine.

Section 5.3. Establishment of the TIF Debt Service Account.

(a) There is hereby established a special fund of the Town to be designated the TIF Debt Service Account which shall be maintained by the Town and which shall be divided into an Interest Sub-Account and a Principal Sub-Account.

(b) At least five days prior to each Interest Payment Date or Principal Payment Date for the Bond of 2010, the Town shall deposit into the appropriate sub-account the amount needed to make the required payment of interest or principal on the Bonds.

Section 5.4. TIF Capital Projects Account. That special account previously established in the Special Tax Allocation Fund designated the TIF Capital Projects Account ("TIF Capital Projects Account") and shall be continued. Amounts transferred to the TIF Capital Projects Account shall be applied to the payment of Redevelopment Project Costs. Withdrawals from the TIF Capital Projects Account may be made in the manner withdrawals from the other funds of the Town are made.

Section 5.5. Dissolution of Special Tax Allocation Fund. Upon the payment of all Redevelopment Project Costs, the retirement of the Bond of 2010 and any Additional Bonds, and the distribution of any surplus moneys pursuant to the Act, the Town shall enact an ordinance dissolving the Special Tax Allocation Fund for the Redevelopment Project Area and terminating the designation of the Redevelopment Project Area as a “redevelopment project area” for purposes of the Act. Thereafter, the rates of the Taxing Districts must be extended and taxes levied, collected and distributed in the manner applicable in the absence of the adoption of the Redevelopment Plan and the issuance of the Prior TIF Bonds and the Bonds under the Act.

Section 5.6. Investment Income. All investment income or interest earnings on any Principal Sub-Account for a Series of Bonds shall be transferred to the Interest Sub-Account for such Series of Bonds and applied as a credit against the next interest payment due on such Series of Bonds. All investment income or interest earnings on an Interest Sub-Account shall be retained therein and applied as a credit against the next interest payment due on each Series of Bonds. The Town shall account for all amounts earned on each Fund and Account.

Section 5.7. Investment of Moneys Held by the Town.

(a) Moneys in all funds and accounts created hereunder may be invested by the Town in Permitted Investments; provided, that the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates in which moneys in the funds or accounts for which the investments were made will be required for the purposes thereof;

(b) Amounts credited to a fund or account may be invested, together with amounts credited to one or more other funds or accounts, in the same Permitted Investments; provided, that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each fund or account for which the joint investment is made, and (ii) the Town maintains separate records for each fund and account and such investments are accurately reflected therein.

(c) Except as otherwise specifically provided herein, in computing the amount in any fund or account, Permitted Investments purchased as an investment of moneys therein (taking into account straight line amortizations and accretions of premiums and discounts) shall be valued at the current market value thereof, or at the redemption price thereof, if then redeemable at the option of the holder, in either event inclusive of accrued interest.

(d) The Town may rely on an opinion of counsel that any investment constitutes a Permitted Investment as defined in this Ordinance.

Section 5.8. Maintenance of Separate Funds and Accounts. The funds and accounts required to be established herein may be kept as separate and distinct accounts or may be combined into one or more accounts, so long as an appropriate accounting may be made for each fund and account.

ARTICLE VI

DETERMINATION OF ASSESSED VALUE

The Redevelopment Project Area and as it may be amended or supplemented from time to time, shall be the Redevelopment Project Area for purposes of this Ordinance. The Redevelopment Project Area is more particularly described in the Redevelopment Plan as shown on Exhibit B attached hereto and incorporated herein by reference.

The County Auditor previously has determined and certified: (1) the most recently ascertained equalized assessed value of all taxable real property within the Redevelopment Project Area, as of the date of enactment of Ordinance No. 2005-22, which value is the "initial equalized assessed value" of such property; and (2) the total equalized assessed value of all taxable real property within the Redevelopment Project Area by adding together the most recently ascertained equalized assessed value of each taxable lot, block, tract, or parcel of real property within the Redevelopment Project Area, which value is the "total initial equalized assessed value" of the taxable real property within the Redevelopment Project Area.

After the County Auditor first certified the total initial equalized assessed value of the taxable real property in the Redevelopment Project Area, then in respect to every Taxing District in the Redevelopment Project Area, the County Auditor or any other official required by law to ascertain the amount of the equalized assessed value of all taxable property within the Redevelopment Project Area for the purpose of computing the rate percent of tax to be extended upon taxable property within such Redevelopment Project Area has ascertained and shall, in every year the Bonds are Outstanding for Redevelopment Projects in the Redevelopment Project Area, ascertain the amount of value of all taxable real property in the Redevelopment Project Area by including in the amount the certified total initial equalized assessed value of all taxable real property in such Redevelopment Project Area in lieu of the equalized assessed value of all taxable real property in such Redevelopment Project Area. The rate percent of tax determined must be extended to the current equalized assessed value of all property in the Redevelopment Project Area in the same manner as the rate percent of tax is extended to all other taxable property in the Taxing Districts. The method of extending taxes established under this Section terminates when the Town adopts an ordinance dissolving the Special Tax Allocation Fund for the Redevelopment Projects.

ARTICLE VII

ALTERATION OF BOUNDARIES OF THE REDEVELOPMENT PROJECT AREA

To the extent permitted by the Act and as permitted by the provisions of Article XIV(a), the Town may alter the exterior boundaries of the Redevelopment Project Area and general land uses established by the Redevelopment Plan or nature of the Redevelopment Projects; subject, however, to each of the following conditions:

(a) The Council must enact an ordinance approving the aforesaid changes in accordance with the provisions of the Act;

(b) Any alteration of the exterior boundaries of the Redevelopment Project Area shall not result in a reduction of the total current equalized assessed valuation in the Redevelopment Project Area immediately prior to such deletion; and

(c) The Town shall receive an opinion of nationally recognized bond counsel that any actions taken pursuant to this Article will not impair the exemption from federal income tax of the interest on the Bond of 2010.

ARTICLE VIII

ADDITIONAL PARITY BONDS; JUNIOR BONDS

Section 8.1. Additional Parity Bonds.

(a) To the extent permitted by law, including the Act, and the provisions of this Ordinance and a Supplemental Ordinance, the Town may from time to time, if not in Default in the payment of principal of and interest on the Bonds then Outstanding and if no other Event of Default has occurred and is continuing, issue Additional Bonds. Such Additional Bonds may be issued for such purposes as may be permitted by the Act upon compliance with the Additional Bonds test set forth below.

(b) Such Additional Bonds may be issued only if the Manager of the Town shall certify that the amounts held in Tax Revenues collected during the year immediately preceding the year in which the Additional Bonds are to be issued are not less than 120% of the combined annual debt service payments on the Bonds Outstanding and any proposed Additional Bonds.

Section 8.2. Refunding Bonds. Without complying with the provisions of Section 8.1 hereof, the Town by means of a Supplemental Ordinance enacted in compliance with the provisions of the Act and any other statutory provisions authorizing the issuance of refunding bonds, including by advance refunding, may issue refunding Bonds.

Section 8.3. Junior Bonds. The Town may, pursuant to a Supplemental Ordinance, issue Junior Bonds in such amount as it may from time to time determine, payable from the Tax Revenues or the Pledged Revenues, provided that such Junior Bonds are issued to secure funds to defray Redevelopment Project Costs, or to refund Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing Redevelopment Project Costs, and provided further that the pledge of Tax Revenues securing Junior Bonds shall at all times be subordinate and inferior to the pledge securing the Bonds.

ARTICLE IX

COVENANTS

As long as the Bond of 2010 is Outstanding and unpaid, the Town shall abide by all of the covenants, undertakings and provisions contained in this Ordinance or in any Bond issued hereunder, including the following:

(a) Redevelopment Projects. The Town will continue to undertake the remaining Redevelopment Projects in accordance with the Act and the Redevelopment Plan.

(b) Management and Operation of Redevelopment Plan. The proceeds of the sale of the Bonds will be deposited and used as provided herein, and the Town will own, manage and operate all the Redevelopment Projects in a sound manner.

(c) Lien of Bonds. The Town will not issue any obligations which have any lien upon the Tax Revenues or the Pledged Revenues prior or superior to the lien of the Bonds.

(d) Maintenance of Records, Accounts and Audits. The Town will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Projects and the Tax Revenues and other funds relating to the Redevelopment Projects. The Town will prepare and provide to the purchaser of the Bonds within one-hundred fifty (150) days after the close of each of its fiscal years a complete financial statement or statements for the year, in reasonable detail covering the Redevelopment Projects, Tax Revenues and other funds, accompanied by an opinion of an independent certified public accountant appointed by the Town, copies of which will be furnished to any rating agency which maintains a rating on the Bonds and, upon written request, to any Bondholder.

(e) Tax Covenants. The Town hereby covenants and agrees with the holders of Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on Bonds to become includable in the gross income of the holders of such Bonds for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Bonds. The Town further covenants and agrees with the holders of the Bonds that no use of the proceeds of the Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Bonds would have caused the Bonds to be "arbitrage bonds," as defined in Section 148 of the Code, and to that end the Town hereby shall:

(i) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the Bond of 2010 and other Bonds are outstanding;

(ii) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States; and

(iii) make such reports of such information at the time and places required by the Code.

The Town covenants that, in accordance with Section 265(b)(3) of the Code, it is hereby designating the Bond of 2010 as a "qualified tax-exempt obligation" and that it does not reasonably anticipate that it will issue more than \$30,000,000 in tax-exempt obligations which are not "private activity bonds" during calendar year 2010, all within the meaning of Section 265(b) of the Code.

ARTICLE X

DISPOSITION OF THE PROCEEDS OF THE BONDS

The proceeds derived from the sale of the Bond of 2010 necessary to refund the Prior TIF Bonds shall be deposited with the Bank as the Holder of the Prior TIF Bonds on the date of closing. The remaining proceeds, if any, shall be deposited with the Town in a special fund to the credit of the Town and shall be applied solely to the purposes for which the Bond of 2010 have been issued, including payment of Costs of Issuance of the Bond of 2010.

ARTICLE XI

EVENTS OF DEFAULT

With respect to the Bonds, the following shall constitute “Events of Default” by the Town:

(a) If payment by the Town of the principal of the Bonds whether at maturity or by proceedings for redemption by declaration as provided in Section 12.1 hereof, or otherwise, is not made on the date such principal is due and payable; or

(b) If payment by the Town of any installment of interest on any Bond is not made on the date such installment of interest is due and payable; or

(c) If the Town shall fail or refuse to comply with the provisions of the Act, or shall fail in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this Ordinance on the part of the Town to be performed, and such failure continues for thirty (30) days after written notice specifying such failure and requiring the same to be remedied has been given to the Town by the Holders of not less than twenty percent (20%) in principal amount of the Bonds then Outstanding or any trustee or committee therefor; or

(d) If any proceeding is instituted, with the consent or acquiescence of the Town, for the purpose of effecting a composition between the Town and its creditors and if the claim of such creditors is in any circumstance payable from any of the Tax Revenues or any other moneys pledged and charged in this Ordinance for the payment of the Bonds, or any such proceedings are instituted for the purpose of adjusting the claims of such creditors, pursuant to any federal or State statute now or hereafter enacted; or

(e) If the Town is for any reason rendered incapable of fulfilling its obligations hereunder in any material respect.

ARTICLE XII

REMEDIES UPON EVENT OF DEFAULT

Section 12.1. Declaration of Principal and Interest as Due. Upon the occurrence of an Event of Default, and at any time while such Event of Default continues, then and in each and every case the Holders of not less than seventy-five percent (75%) in principal amount of the Bonds then Outstanding or any trustee or committee therefor, may in its own name declare the principal of the Bonds then Outstanding, together with all accrued and unpaid interest thereon, if not already due, to be due and payable immediately, and upon any such declaration the same shall become and be due and payable immediately, anything contained in this Ordinance or in the Bonds to the contrary notwithstanding. This provision is subject, however, to the condition that if at any time after the principal of the Bonds, together with the accrued and unpaid interest thereon and other moneys secured hereby, have been so declared due and payable and before any further action has been taken (other than the making of the above declaration), the principal amount then due according to the maturity date or dates otherwise specified therein (except as a result of such declaration) and all arrears of interest upon the Bonds, except interest accrued but not yet due on the Bonds, have been paid or caused to be paid, and all other Events of Default, if any, which have occurred have been remedied, cured or secured, waive such Default and its consequences and rescind and annul such declaration. No such waiver or rescission or annulment shall extend to or affect any subsequent Default or impair or exhaust any right or power related to such subsequent Default.

Section 12.2. Suits at Law or in Equity and Mandamus. In case any one or more of the Events of Default shall happen and be continuing, then and in every such case, but subject to the provisions, limitations and conditions of Section 12.1 hereof so far as the remedies provided in said Section are concerned, the Holder of not less than seventy-five percent in principal amount of the Bonds then Outstanding, or trustee therefor, may, for the equal benefit and protection of the other Holder of the Bonds similarly situated,

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce such Bondholder's rights against the Town and require and compel the Town to perform and carry out its duties and obligations under the Act and this Ordinance, and to perform and carry out its covenants and agreements with the Bondholders;

(b) by action or suit in equity require the Town to account as if such Town were the trustee of an express trust;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; or

(d) bring suit upon the Bonds.

Section 12.3. Remedies Not Exclusive; Effect of Waiver of Default; Effect of Abandonment of Proceedings or Adverse Determination. The Holders from time to time of the Bonds shall be entitled to all the remedies and benefits of this Ordinance as are and as shall be provided by law, and, subject to the provisions of Sections 12.1 and 12.2, nothing herein shall be construed to limit the rights or remedies of any such Holders under any applicable statute that may now exist or be enacted hereafter. No remedy conferred by the Act and this Section upon any Holder of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Act and this Section or by any other law now or hereafter existing. Every substantive right and remedy conferred upon the Holder of the Bonds may be enforced and exercised from time to time and as often as may be deemed expedient.

No waiver of any Default or breach of duty or contract by any Holder of the Bonds shall extend to or affect any subsequent Default or breach of duty or contract, or shall impair any rights or remedies thereon. No delay or omission of any Holder of the Bonds or coupon, if any, to exercise any right or power shall be construed to be a waiver of any such Default or acquiescence therein.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, or shall be determined adversely to any Holder of the Bonds, then and in every case, the Town and such Holder shall be restored to their former positions and rights and remedies as if no suit, action or proceeding had been brought or taken.

ARTICLE XIII

DEFEASANCE

The obligations of the Town under this Ordinance and the liens, pledges, charges, trusts and the covenants and agreements of the Town herein made or provided for shall be fully discharged and satisfied as to the Bonds and such Bonds shall no longer be deemed to be outstanding hereunder when:

(a) The Bonds shall have been purchased by the Town and surrendered to the Town for cancellation or otherwise surrendered to the Town and is canceled or subject to cancellation by the Town; or

(b) Payment of the principal of, premium, if any, and interest on the Bonds either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with a corporate trustee in trust and irrevocably set aside exclusively for such payment, (A) moneys sufficient to make such payment, or (B) Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment. At such time as the Bonds shall no longer be deemed to be Outstanding hereunder, as aforesaid, such Bonds shall cease to draw interest from the due date thereof, and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Ordinance.

ARTICLE XIV

AMENDMENTS OR SUPPLEMENTS TO THIS ORDINANCE

The Town shall not amend this Ordinance except in accordance with the provisions of this Article.

(a) The Town may, from time to time and without the consent of any Holder of the Bonds, (i) make any amendments or modifications hereto which may be required to permit this Ordinance to be qualified under the Trust Indenture Act of 1939, as amended; (ii) make any modification or amendment of this Ordinance not inconsistent herewith required for the correction of language or to cure any ambiguity or defective provisions, omission, mistake or manifest error herein contained; (iii) make any amendments or supplements hereto to grant to or confer upon the Bondholders additional rights, remedies, power and authority, or to grant to or confer upon any Bondholders committee or trustee for the Bondholders any additional rights, power or authority; (iv) to add to the security of the Holders of the Bonds; or (v) alter the Redevelopment Plan or the Redevelopment Project Area in accordance with Article VII hereof.

(b) From time to time the Holders of sixty-six and two-thirds percent (66 2/3%) in principal amount of the Bonds then Outstanding by an instrument or instruments in writing signed by such Holders and filed with the Town, shall have power to assent to and authorize any modification or amendment of the provisions of this Ordinance that may be proposed by the Town or of the rights and obligations of the Town and of the Holders of Bonds issued hereunder; and any action herein authorized to be taken with the assent and authority given as aforesaid of the Holders of sixty-six and two-thirds percent (66-2/3%) in principal amount of the Bonds at the time Outstanding shall be effective and binding upon all of the Holders of the Bonds issued hereunder; and any action herein authorized to be taken with the assent and authority given as aforesaid of the Holders of sixty-six and two-thirds percent (66-2/3%) in principal amount of the Bonds at the time Outstanding shall be effective and binding upon all of the Holders of the Bonds Outstanding and upon the Town as fully as though such action were specifically and expressly authorized by the terms of this Ordinance; provided always, that without the consent of the Holder of the Bonds, no such modification shall be made which will (i) extend the time of payment of principal of, premium, if any, or the interest on the Bonds, or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof; or (ii) authorize the creation of any pledge superior to the pledge for the Bonds; or (iii) reduce the percentage in principal amount of the Bonds required to assent to or authorize any such modification to this Ordinance. For the purpose of computations required by this paragraph, and portion of the Bonds directly or indirectly owned or controlled by the Town shall be disregarded.

(c) Prior to issuing any bonds authorized pursuant to Article VIII hereof, the Town shall enact a Supplemental Ordinance setting for the details thereof.

Any modification or amendment or supplement of the provisions of this Ordinance shall be set forth in an ordinance to be enacted by the Town.

ARTICLE XV

ORDINANCE A CONTRACT

So long as the Bonds are Outstanding, each of the obligations, duties, limitations and restraints imposed upon the Town by this Ordinance shall be deemed to be a covenant between the Town and each and every Holder of the Bonds, and this Ordinance and each and every provision and covenant hereof shall constitute a contract of the Town with each and every Holder, from time to time, of the Bonds.

ARTICLE XVI

INVALIDITY OF ARTICLES, SECTIONS, PARAGRAPHS, CLAUSES OR PROVISIONS

If any article, section, paragraph, clause or provision of this Ordinance is held invalid or unenforceable under any circumstances, such holding shall not affect the validity or enforceability thereof under other circumstances or the validity or enforceability of this Ordinance as a whole or of any other article, section, paragraph, clause or provision of this Ordinance.

ARTICLE XVII

REPEAL OF CONFLICTING OR INCONSISTENT PROVISIONS OF ORDINANCE

All orders, resolutions, ordinances and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Bond of 2010 are hereby repealed, to the extent of such conflict, and this Ordinance shall take effect and be in full force from and after its passage and approval.

No Additional Bonds shall be issued pursuant to the terms of the Prior TIF Ordinance.

ARTICLE XVIII

GENERAL AUTHORIZATION

The Mayor, the Town Manager, the Assistant Town Manager – Finance/Administration, the Clerk and any lawfully authorized designee to execute such documents and instruments as may be necessary to effect the issuance of the Bond of 2010 and to fulfill the requirements of this Ordinance or make modifications in any documents including but not limited to the form of the Bond, if necessary. The Council hereby retains McNair Law Firm, P.A. as bond counsel and Ross, Sinclair & Associates, LLC, in connection with the issuance of the Bond of 2010. The Town Manager is authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these engagements.

A certified copy of this Ordinance shall be filed with the Clerk of the Council of the County, the Treasurer of the County and such filing shall constitute the authority for the extension and continues collection of the taxes to be deposited in the Special Tax Allocation Fund.

ARTICLE XIX

EFFECTIVENESS OF ORDINANCE; CODIFICATION

This Ordinance shall be in full force and effect from and after its enactment as provided by law. This Ordinance shall be forthwith codified in the Code of Town Ordinances in the manner required by law.

DONE, RATIFIED AND ENACTED this ____ day of _____, 2010.

THE TOWN OF BLUFFTON, SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

Clerk

First Reading:

Final Reading:

FORM OF BOND

UNITED STATES OF AMERICA
 STATE OF SOUTH CAROLINA
 TOWN OF BLUFFTON
 TAX INCREMENT REFUNDING BOND
 SERIES 2010

Registered Holder: The Branch Banking and Trust Company

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that the Town of Bluffton, South Carolina (the "Town"), is justly indebted and, for value received, hereby promises to pay to the registered holder named above, or registered assigns, but solely from the special sources hereinafter mentioned and not otherwise, the principal amount shown above on the maturity date shown above (unless this bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of redemption price made or provided for), upon presentation and surrender of this bond at the principal office of Clerk of the Town as paying agent (the "Paying Agent") and to pay interest, but solely from the special sources hereinafter mentioned and not otherwise, on such principal amount from the date hereof at the rate of 3.21% per annum payable on June 1, 2011, and semi-annually thereafter until maturity. This bond is payable in annual principal installments on December 1 in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
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Upon the occurrence of any Rate Adjustment Event (as defined below), the interest rate shall be recalculated to an interest rate equal to the Prime Rate (as defined below) plus two percent (2%) per annum, to the date (retroactively if need be) determined as a result of the Rate Adjustment Event to be the date the interest became includable in the Registered Holder's gross income for federal income tax purposes.

"Prime Rate" shall mean that rate of interest so denominated and set by initial Registered Holder, Branch Banking and Trust Company (the "Bank") from time to time as an interest rate basis for borrowings. The Prime Rate is but one of several interest rate bases used by the Bank, which lends at rates above and below the Prime Rate. For purposes of calculating any interest rate which is based on the Prime Rate, such interest rate shall be adjusted automatically on the effective date of any change in the Prime Rate.

"Rate Adjustment Event" shall mean any action by the Internal Revenue Service (including the delivery of a deficiency notice) or any other federal court or administrative body determining, as a result of any misrepresentation by the Town or as a result of any action the Town takes or fails to take, that interest, or any portion thereof, is includable in the Bank's gross income for federal income tax purposes.

The Town has represented that this bond will be a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code. In the event that this bond is subsequently determined not to be “qualified tax-exempt obligation,” the interest rate shall be reset to 3.56% retroactive to the date of issuance. In such case, interest due retroactively on this bond shall be due upon demand by the Registered Holder.

The principal and interest on this bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, however, that interest on this fully registered bond shall be paid by check or draft or otherwise as set forth above.

This bond shall not be entitled to any benefit under the Ordinances, nor become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been duly executed by the Registrar.

This bond is issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Article X, Section 14, of the Constitution of the State of South Carolina, 1895, as amended; Title 31, Chapter 6, Code of Laws of South Carolina 1976, as amended (the “Act”); Ordinance No. 2005-22 duly enacted on October 12, 2005; Ordinance No. 2008-07 duly enacted on May 6, 2008; and Ordinance No. ____ duly enacted on October 19, 2010 (together the “Ordinances”), by the Council of the Town.

This bond is issued to provide funds to refunding the outstanding principal amount of the Town’s Prior TIF Bonds (as defined in the Ordinances) and costs of issuance of this Bond.

This bond and the interest hereon are special obligations of the Town payable solely from, and secured by a pledge of the Pledged Revenues (as such term is defined in the Ordinances), including moneys in a Special Tax Allocation Fund created pursuant to the Act and such other funds established under the Ordinances, which may also be pledged by the Town to secure additional bonds issued pursuant to the Act. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE TOWN ARE NOT PLEDGED FOR THE PAYMENT OF THIS BOND AND THE INTEREST HEREON.

Additional Bonds (as defined in the Ordinances) on a parity with this bond may hereafter be issued under terms and conditions set forth in the Ordinances. Such Additional Bonds shall be equally and ratably secured with the pledge of the Pledged Revenues.

The Ordinances contain provisions defining terms; sets forth the moneys, funds and revenues pledged for the payment of the principal of and interest on this bond, and the bonds of other Series which may hereafter be issued on a parity herewith under the Ordinances; sets forth the nature, extent and manner of enforcement of the security of this bond and of such pledge, and the rights and remedies of the holder hereof with respect thereto; sets forth the terms and conditions upon which this bond is issued and upon which other bonds may be hereafter issued payable as to principal, premium, if any, and interest on a parity with this bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the Town thereunder; and sets forth the terms and conditions upon which the pledge made in the Ordinances for the security of this bond and upon which the covenants, agreements and other obligations of the Town made therein may be amended or discharged at or prior to the maturity or redemption of this bond with provision for the payment thereof in the manner set forth in the Ordinances. Reference is hereby made to the Ordinances, to all of the provisions of which any holder of this bond by the acceptance hereof thereby assents. The provisions of the Act and the Ordinances shall be a contract with the holder of this bond.

This bond is subject to prepayment in full on any payment date with a prepayment penalty equivalent to one percent of the outstanding principal during the first ten years of its term.

This bond is transferable as provided in the Ordinances, only upon the books of the Town kept for that purpose at the principal office of the Registrar by the registered holder in person or by his duly authorized attorney upon surrender of this bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or his duly authorized attorney. Thereupon a new fully registered bond shall be issued to the transferee in exchange therefor as provided in the Ordinances. The Town, the Registrar and the Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

Under the laws of the State of South Carolina, this bond and the income herefrom are exempt from all State, county, municipal, school district and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this bond exist, have happened and have been performed in regular and due time, form and manner as required by law; that the bond does not exceed any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this bond, as provided in the Ordinances.

IN WITNESS WHEREOF, THE TOWN OF BLUFFTON, SOUTH CAROLINA, has caused this bond to be signed with the facsimile signature of the Mayor of the Town, attested by the facsimile signature of the Clerk of the Town, and the seal of the Town impressed, imprinted or reproduced hereon.

TOWN OF BLUFFTON, SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

By: _____
Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This bond is the bond described in the within mentioned Ordinance of the Town of Bluffton, South Carolina.

Town of Bluffton, South Carolina, as Registrar

Clerk

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ (Name and address of Transferee) the within bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the registered holder as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM – as tenants in common

UNIF GIFT MIN ACT –

TEN ENT – as tenants by the
entireties

_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to
Minors Act _____
(State)

JT TEN - as joint tenants with
right of survivorship
and not as tenants in
common

Additional abbreviations may also be used though not in above list.

CERTIFICATE

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the final legal opinion (except for date and letterhead) of the McNair Law Firm, P.A., Columbia, South Carolina, approving the issue of bonds of which the within bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for the bonds, and a copy of which is on file with the Town Council of the Town of Bluffton, South Carolina.

TOWN OF BLUFFTON, SOUTH CAROLINA

By: _____
Clerk

EXHIBIT B

DESCRIPTION OF REDEVELOPMENT PROJECT AREA

[TO BE PROVIDED AT SECOND READING]